

MINUTES ADOPTED BY CITY COUNCIL

Greenville, NC
March 22, 2004

The Greenville City Council met in a regular meeting on the above date at 3:00 PM in the City Council Chambers, third floor of the Municipal Building, with Mayor Pro-Tem Ric Miller presiding. The meeting was called to order, and the following were present.

Mayor Pro-Tem Ric Miller
Council Member Mildred A. Council
Council Member Ray Craft
Council Member Pat Dunn
Council Member Rose H. Glover
Council Member Chip Little
Marvin W. Davis, City Manager
Wanda T. Elks, City Clerk
David A. Holec, City Attorney

Council Members Absent: Mayor Robert D. Parrott

PRESENTATION AND DISCUSSION OF GREENVILLE UTILITIES COMMISSION PROPOSED FY 2004-05 BUDGET

Mr. Ron Elks, Assistant General Manager of Greenville Utilities Commission, stated that the proposed Greenville Utilities Commission budget for FY 2004-05 is not balanced at this time. He reviewed the revenues and expenditures of the various funds as follows:

	<u>Revenues</u>	<u>Expenditures</u>
Electric Fund	\$138,903,000	\$138,806,712
Water Fund	\$9,894,065	\$11,696,451
Sewer Fund	\$11,095,877	\$12,701,837
Gas Fund	\$26,982,781	\$27,977,152
All Funds	\$186,875,723	\$191,182,150

The highlights of the budget include

- Roof replacements for the Operations Center (Year 1 of 2)
- On-line bill presentation and payment
- Web redesign
- Two bucket trucks—one new and one replacement
- West End Substation site
- Distribution feeder breaker replacements
- Double circuit—Stantonsburg Road from Allen Road to Moye Boulevard
- Natural Gas Rate study
- Coal/gas remediation project

- Tractor/backhoe and two-ton crew truck
- Rural water mains
- Southside elevated tank painting
- Front end loader
- Tandem axle dump truck

Being requested in the budget are six new positions and making four part-time positions full-time. The new positions requested include an Instrument Technician in the Gas Department, a Water Treatment Plant Operator in the Water Resources Department, a Tree Trimmer I and a Lineworker in the Electric Department, and a Customer Records Clerk and a Meter Technician in the Support Services Department. The positions being requested to go from part-time to full-time include a Secretary I in Water Resources and three Meter Technicians in Support Services.

Mr. Elks then presented resident cost comparisons with other utility providers. This information showed that a typical monthly residential electric bill in the summer ranges from \$109.60 in Kinston to \$91.60 for Carolina Power and Light customers, with the median being \$98.52. The typical bill for a Greenville Utilities Commission electric customer in the summer is \$98.53. The information also showed that a typical monthly residential electric bill in the winter ranges from \$112.37 in Farmville to \$81.60 for Carolina Power and Light customers, with the median being \$92.36. The typical bill for a Greenville Utilities Commission electric customer is \$87.96. Average residential water cost comparisons were also given, using 7500 gallons as the basis. The rates ranged from \$45.70 in Dare County to \$18.24 in Rocky Mount, with the median bill being \$21.79. The average monthly residential bill for Greenville Utilities customer is \$21.20. Also, the sewer rates based on the same amount ranged from \$37.95 in High Point to \$12.02 in Winston-Salem, with the median being \$25.50. The rate for residential Greenville Utilities customers, based on the same amount is \$27.01. The typical residential monthly bill for gas customers based on 50 ccf ranged from \$76.40 in Bessemer City to \$58.67 in Lexington. The median is \$64.73, with the rate of Greenville Utilities customers being \$69.37.

Mr. Elks concluded by stating that the budget being presented to the City Council does not include pay adjustments, additional debt service incurred as a result of new capital projects, nor any rate adjustment for operating funds.

Questions asked by the Council Members and responses given were as follows:

At one time the Greenville Utilities Commission staff talked about storing water and maybe selling it. Is that still something that Greenville Utilities is considering?

(RESPONSE: Greenville Utilities has received the first permit ever issued in the State of North Carolina for such a project. That technology is known as aquifer storage and recovery. The Utilities Commission would actually take treated drinking water and store it underground in much larger volumes than it can be stored in aboveground tanks either at ground level or elevated tanks in the air. Those large volumes are tremendously advantageous to the operation of a system and water can be stored at a cost that is much less than tankage. It can also allow them to shave peaks on their system and thereby extend the life of the water treatment plant. This is very important because those peak days on a treatment plant are what drive the costs.

That capacity cost on a treatment plant could be anywhere on the order of \$2 to \$4 per gallon; but it would only cost about 25 cents a thousand to treat that water once the capacity is in place. They have actually been pursuing that project since 1998. It is a fairly slow process because it has not been done in the State before. So far, Greenville Utilities has been enjoying a level of success with the project and it has actually progressed to the point that they have an injection well that has been constructed that is in a testing phase. They have not yet injected any water into the ground, but that would be the next step probably over the next year and half.)

What is the rate per kilowatt hour for electricity?

(RESPONSE: The rates actually vary depending on how much a customer uses and what schedule that customer might be on. The rate would vary for a residential, commercial, or industrial customer, and it depends upon whether or not a customer has load management credits. For a residential customer it would be between nine and ten cents per kilowatt hour.)

Is that rate an average of residential and commercial?

(RESPONSE: The rate is for just residential.)

Why is the rate different for commercial?

(RESPONSE: In part, it depends upon how much customers aggressively load manages. One of the ways that they hold costs down for customers is that Greenville Utilities incurred a number of electrical increases on the wholesale side and did not raise retail rates for a period of about ten years. Greenville Utilities is able to do that by getting customers to help manage that peak in water. There is a similar peak on the electric side. When Greenville Utilities is buying electricity on the wholesale side, they are really paying a lot for that peak and if there is a way to shave that peak they can save dollars and the customers can share in that savings. One of the ways that customers share in that savings is by having generation at their site. Some locations are able to shave their peaks fairly dramatically and so they get to share in that cost savings. Others are not as interested in shaving that peak maybe due to the nature of their operation and so their average cost might be higher.)

How is gas sold?

(RESPONSE: By the dekatherm. Greenville Utilities uses 100 cubic feet (CCF) for commercial customers and 50 CCF for residential customers. They have a purchase gas adjustment practically every month. The market drives the price of gas up and down so the rate is at \$7 or \$8 per dekatherm.)

It looks like Greenville's cost was significantly higher than some of the other cities. Why?

(RESPONSE: Several responses were given to this question.

- It has to do with the supply issue. Greenville Utilities purchases gas so there is a middle person to go through in order to secure the supply where others may not have to do that and are able to go directly to the source. For example, Greenville Utilities Commission is able to take water directly from the river, treat it, and distribute it to their customers. Some locations might not have that type of advantage of water supply and might have to purchase their water from someone. A similar situation is with gas, and Greenville Utilities is on the other side of that.

- Also, years ago, Greenville purchased all of its gas from the North Carolina Natural Gas (NCNG). That was the only way to get natural gas into the City of Greenville because NCNG didn't want to bring gas to the City and wanted to just sell pipeline gas. At their rates, NCNG sold gas on their system cheaper because Greenville was buying the gas from them. At least now with the ways the laws have changed, the Greenville Utilities Natural Gas Department can buy gas on the open market and just pay pipeline owners the transport fee.
- Also, Greenville Utilities has the liquid station where they are bulking gas up and reselling it. A better job is being done, but it is still hard to compete with systems that own gas wells. The liquefied natural gas (LNG) plant allows them to shave peak just like the aquifer storage and recovery (ASR) project and the electric peaking generators. They buy liquefied natural gas and store it and then rather than pay the high dollar contract demands that are paid when you reach a certain level of pipeline capacity to have gas transported here, Greenville Utilities Commission can use the gas stored in the LNG plant to offset that. In the utility business, one of the huge issues is commodity versus capacity. The big dollars are always on the capacity side. Greenville Utilities has to have that pipeline to get that gas here and the pipeline capacity. If it is water, Greenville Utilities has to have that treatment plant. The same kinds of issues are common to those industries.
- One of the other things that could affect it is the amount of capital outlay that a utility has and it also depends upon where the City may be in a life cycle of capital outlay versus another place. The utilities are very much a capital outlay and infrastructure laden so the timing that they had to bring on that capital outlay very much affects the rates.)

Under the water revenue how much is projected for selling to other municipalities?

(RESPONSE: The only contract that Greenville Utilities Commission has as far as selling to other municipalities is the contract with the Town of Winterville. That is a contract that has been in place for quite some time. There have been some requests and indications from other systems that have an interest and are evaluating purchase of water from Greenville Utilities Commission as an option. They're evaluating their matrix of options as they look at what all other potential solutions might be. Until Greenville Utilities Commission gets a little further along and actually get some deals inked, certainly back of the envelope type of things they are taking into account, they are reluctant to include any of that until they actually have some action that has been taken. It will certainly be factored in the event they do get any agreements in place.)

Even if Greenville Utilities gets any agreements in place and signs them now, isn't there a likelihood of two or three years before revenue start coming in?

(RESPONSE: In some cases there is infrastructure needed in order to convey that water to locations. There might need to be a transmission main constructed or a pipeline constructed and so that would have some lead-time on it. A flow chart would be done and actually they would look at when that would come into play.)

Will this be a future endeavor?

(RESPONSE: Yes.)

Are there ways that the City and Greenville Utilities could join efforts in some of the things they do here and there as far as technology is concerned?

(RESPONSE: Certainly inasmuch as there are things that make sense to work jointly on where there is overlapping goals and objectives. That is the type of things that the staffs ought to be talking about. As they move forward with greater detail on their budgeting process and flesh out some of the initiatives that were presented here, they will make sure they are having discussions to see whether there are opportunities for cost savings. City Manager Davis stated that one example is the GIS system that the City has. The Greenville Utilities Commission and City of Greenville are on the same platform and exchange information back and forth. Although the Utilities Commission, by right, has put more resources to theirs and have more on the ground features identified through the GIS system than the City does. Another thing, the Information Technology (IT) staff from both the City and Greenville Utilities Commission have been jointly discussing the Police wireless system on how there might be commonalities. Neither organizations have gone forth and those are the kinds of things on major systems that are being discussed.)

Would it be possible to do a commercial comparison on rates as the residential was done?

(RESPONSE: It can be sometimes difficult to do residential comparisons. Different utilities sometimes choose to recover their costs in different manners. Sometimes they recover it on the commodity side and sometimes they recover it more on the capacity side with a higher fixed charge or higher minimum charge. They always do their best effort to make it as accurate as they can, but utility rate structures are often fairly complex even at the residential level. When considering the commercial and the industrial level in particular because of the level of load management that different industries are able to pursue, it really changes the playing field. But, they do from time to time run typical usage patterns through the rate structure making certain assumptions. The key is how many assumptions to make or to feel comfortable making. It is important for them to know where they are with all of their customers.)

Can someone from the Utilities sit down and talk to the customers more about how they are using their utilities before customers make a claim that Greenville's rates are 15% or 20% higher than what they are in surrounding cities?

(RESPONSE: Greenville Utilities has an Energy Services Division that always stands ready to help people with a water audit or energy audit and they work with a lot of customers. That is a service that Greenville Utilities Commission offers and the service does not cost a customer anything at all. Greenville Utilities Commission has technical people in its operating departments who can also help. Sometimes they are able to help and point out things that maybe customers have not looked at before.)

Are there other things the residential customers can do?

(RESPONSE: So much depends on an individual's application. It depends upon the type of heating system, the age of the heating system that a customer might have and their usage patterns. There are customers who prefer the economy of a high efficiency heat pump and there are customers who like the warm comforting feel of the warmer air that comes out of the register potentially from gas systems. Greenville Utilities Commission representatives will not only look at the house but they will look at the heating system as well. Staff is very knowledgeable in that

arena. They are able to analyze and have the tools to be able to do that. They can look at the ductwork in a house, do board tests, determine the kind of duct leakage, and make detailed recommendations. There are bill programs that people can fix the amount of their gas bills. This is particularly a busy time of the year where a lot of customers do take advantage of their services and they are always glad to help. There is quite an array of services to help customers.)

Could you mention the Neighbor-to-Neighbor Program and the pilot demonstration program for heat that Greenville Utilities Commission was recently funded with by the State of North Carolina?

(RESPONSE: That particular program is aimed at customers who have mobile homes, as the heating systems are not as efficient in mobile homes. Greenville Utilities Commission actually received a grant to assist customers with putting in higher efficiency systems. They also have a neighbor to neighbor program where people donate dollars that Greenville Utilities Commission matches up to a certain level to help customers who are less fortunate to offset their costs. There are programs for their gas system where customers can help fix their costs and predict and know what costs are going to be to allow them to more effectively budget for their needs. Greenville Utilities Commission wants to have a tool for customers to fit their specific needs.)

Does Greenville Utilities have any type of policy where customers could pay one-half of their utility bill the first of the month and the one-half the last of month? What type of policies are set up for lower or fixed income customers?

(RESPONSE: Greenville Utilities works with its customers and recognizes that all of them have needs. If a customer has a need, Greenville Utilities Commission would gladly work out payment options and terms to help them in any way possible. They do this on a regular basis. Customer service representatives work with them every day and those programs are quite successful for many customers. Mayor Pro-Tem Miller stated that the customer service representatives also work with several of the social service agencies around Greenville. Whenever a customer who has a dire need, the staff at the Utilities Commission goes out of their way to place those with the appropriate social services departments. It is just a fact of life that generally the citizens who can afford the high cost of heating, the least are the ones who live in the structures that are the least efficient and they generally have the worst type of heating systems too and it compounds the problems. Mobile homes have the least efficient and cheapest heating apparatus, which are the highest to operate. The State program funding replaces that horrible piece of equipment and puts in a higher efficiency system to help those people. The City Council has to be very aware that some of our population does not have the luxury of a good income to pay for those extreme bills during extreme heating seasons.)

Are most of Greenville Utilities' larger capital projects funded through revenue bonds or certificates of participations?

(RESPONSE: They will likely be revenue bonds. They have not yet made that determination. The directors and their staffs have completed their Capital Improvement Program (CIP) planning process and presentations have been made to the Utilities Commission. They are aware of the types of the projects that might be on the horizon. What they have not done yet with their board is to have detailed discussions about debt service coverage and those forecasts for debt service

and they have not actually gone through a prioritization process. In the last few years, the climate has been favorable for revenue bonds.)

Mayor Pro-Tem Miller stated that this Council has been discussing the City's needs for General Obligation Bonds and that all plays in on how much debt does the City take on. The Utilities Commission and the City need to work closely with those numbers.

City Manager Davis stated that staff has a preliminary Local Government Commission meeting on March 26. Greenville Utilities Commission staff is going with them to that meeting with the Local Government Commission. Also, when staff sends out proposals for financial advisors they are jointly from the City and Greenville Utilities Commission and there will be a joint interview team that interviews those financial advisors. Their financial advisors look to be kept over 3-5 years. This is more than just a one financing arrangement. This has been done previously as well with Greenville Utilities Commission and the same is true for bond counsel. That is a joint arrangement in the same fashion between the City and Greenville Utilities Commission. Also, when staff goes to New York when bonds are being sold no matter whether it is the City or Greenville Utilities Commission, they both travel together to talk to the rating agencies about the credit rating they both receive because it's intertwined together.

City Manager Davis reminded the City Council that a joint meeting with Greenville Utilities Commission is scheduled for April 20 to hear the presentations from Bob Derrick and Associates in regard to the Pay Plan. The joint Compensation Committee will meet a week prior to that so another joint meeting is scheduled for down the road.

PRESENTATION AND DISCUSSION OF CONVENTION AND VISITORS AUTHORITY 2004-2005 BUDGET

Ms. Debbie Vargas, Executive Director of the Convention and Visitors Bureau, stated that the Convention and Visitors Budget comes out of occupancy tax so that they do not have to come to the City Council and County Commissioners every year requesting funding. The Convention and Visitors Bureau budget goes before their board, the City of Greenville City Council and Pitt County Commissioners. When the budget is presented to the City Council instead of being unbalanced or requiring revisions or alterations, it is the budget that has been approved by their board. Also, it is the budget that staff will continue to move forward with for this year.

Ms. Vargas stated that this budget reflects the first three cents of occupancy tax collected in Pitt County. The second three cents goes to retire the debt on the Greenville Convention Center and is not reflected within this budget. The Convention and Visitors Bureau is responsible for marketing the City and County as the destination for travelers. Throughout the course of the year, the Bureau's staff is responsible for convincing some 90 event planners to hold their events in Greenville, providing comprehensive complementary services to some 150 groups and providing information and resources for some 8,600 inquiries regarding this area. The Bureau's staff also serves on enumerable community committees and initiatives that help to improve the community and prospects for increased economic development. The budget accounts for a little over a 5% increase in revenues for the period. Since the total current receipts for the current year

is up approximately 10%, this should not be difficult to achieve and reflects a conservative forecast in a returning economy. The total budget for fiscal year 2004-2005 is \$655,750. From this, \$560,180 is projected to come from revenues and interest from the occupancy tax receipts from the first 3 cents. Seventy-one thousand dollars is projected to come from the Convention and Visitors Bureau unspent reserves and \$24,124 is projected to come from unspent Convention Center marketing reserves.

Ms. Vargas stated that the Bureau's staff is comprised of four full-time positions and will remain the same for the coming fiscal year. An allotment has been included to allow for any market adjustments and merit increases. Their board typically takes the guidance of the joint committee that is set up between the City of Greenville and Greenville Utilities Commission on personnel issues. Operational expenses are basically in line with this past year's allocations. There have been some slight increases to allow for general cost increases that might be expected. Funding requests are expected for various community initiatives that have an impact on travel and tourism. They have seen these over the past years. Initially, their board did a lot of grant funding for different organizations and initiatives in the community. For the period of time that they were working on development of the Convention Center, a lot of that was discontinued because of the need to put all their resources into the project ahead of them with the Convention Center. However, there is an interest in starting to go back to that at some level. An allocation has been included to allow the Authority flexibility and the approval of funding for projects deemed appropriate. This would be done throughout the course of the year based on the validity of the request and availability of funds. The Convention Center account reflects one-cent of the occupancy tax that goes to Exhibit Hall Managers to market the Convention Center. The Convention and Visitors Authority Executive Committee unanimously approved this budget on March 9 and the full Convention and Visitors Authority approved it on March 11, 2004. Along with requiring the approval of City Council, the budget is also reviewed by the Pitt County Commissioners; which will happen at a later date.

Questions asked by Council Members and responses given were as follows:

Where in the budget is the money for Exhibit Hall Managers?

(RESPONSE: It is under "Convention Center Reserves". It would be one-third of collections minus the cost of collections, which is just what they pay for the cost of administering the tax. City Manager Davis stated that portion is used for marketing. Under the development agreement, it is restricted to marketing. One of the things that the Convention and Visitors Authority has been doing with the Convention Center and Hilton and other hospitalities is joint marketing so that everyone gets more "bang" for a lesser buck and to put their advertising costs particularly together.)

Does the one cent go for total management of the Convention Center?

(RESPONSE: No. The one cent is for marketing.)

Where does their operational money come from?

(RESPONSE: It is actually the responsibility of the Exhibit Home Managers and is done through revenues generated at the Center through rental, etc. The occupancy tax does not go towards any operations of the Center.)

Are the special projects the tourism projects for \$33,000?

(RESPONSE: Yes.)

City Manager Davis stated that Mayor Parrott asked him to share with Ms. Vargas and the Council that earlier today Mayor Parrott, Henry Hinton and perhaps others had met with Charlie Adams, who is the Executive for the State High School Athletic Association. The discussion was related to bringing other high school competition events to Greenville. Of course, now there is a regional basketball tournament that comes to Greenville and funds have been raised for that over seven years. The discussion was about bringing other events to Greenville such as football, baseball, wrestling, tennis, etc. To do that there is an upfront amount that has to be paid to the North Carolina High School Athletic Association just like they do for basketball at the present time. Mayor Parrott wanted him to ask and begin a discussion of any opportunity for having funds from the Convention and Visitors Authority (CVA) budget to go toward that expenditure. His response to Mayor Parrott was that he would bring it up. Also, he would have the Board of Directors of the CVA to look at that and have some consideration and discussion, as well as the County Commissioners because they are responsible for the budget just like the City. The deadline for making a proposal to the North Carolina High School Athletic Association is May 1, 2004.

Ms. Vargas stated that the tourism project account would be where that would lie. That was the idea of creating that account because they have had a number of things coming here such as the Eastern Regional High School Basketball Tournament and regional NCAA Cross Country Tournament and there is an option for the national tournament. The rationale of putting the funding into the budget was so that when those requests come up, there is flexibility to be able to award that funding. If this budget is approved, the amount that is put in there could be voted on by the Convention and Visitors Authority to use for special projects which could cover something along those lines. The only thing is that they have had to be really careful. An occupancy tax tends to be a really easy source of money and right now there is a 6% occupancy tax. Six per cent is the highest rate that is in the State of North Carolina. There is a lot of rationale behind that because any efforts to go above the 6% have really been tough legislatively. They had tried to keep that as the cap because then it becomes a real detriment to the area as a destination of having taxes too high that are prohibitive. In moving forward on sporting events is becoming an extreme strong market for the Convention and Visitors Bureau (CVB). It is a good market because it happens in the times of the year that they typically don't do other things. For instance, a lot of the athletic events take place in the summer. The summer is not typically one of their higher conference or convention periods so it is good business for CVB. The only thing is that sporting events carry a high price tag. They require a lot in the local community, everything from the City's resources and facilities on up to extra things like police protection, garbage pickup, etc. They also require a lot of volunteers. The Special Olympics over the weekend required approximately 400 volunteers. Ms. Vargas stated that she thinks it is valid and

something that they definitely need to look at and move forward. However, it should be done with caution to make sure there is funding, determine what is covered with the Convention Center, etc. before getting in some events that are draining more than what they are bringing back into community.

Questions and answers continued as follows:

Do they know what the basketball costs are and if there is a budget out there that reflects these costs?

(RESPONSE: It is approximately \$50,000 for bringing the Eastern Regional High School Basketball Tournament to Greenville.)

There is only \$33,000 allocated in the budget.

(RESPONSE: The Mayor's point in wanting to bring it up today was to start this dialogue and to see what possibilities might be out there.)

Is this upfront money that they cannot get back?

(RESPONSE: Yes.)

Has an economic impact study been done?

(RESPONSE: For the Eastern Regional High School Basketball Tournament that amount is around \$200,000 - \$250,000.)

What do sponsors like Wachovia pay and what does it go towards?

(RESPONSE: The Chamber of Commerce has been raising funds to put on the Eastern Regional High School Basketball Tournament for probably the last three years. Wachovia Bank and a lot of private companies have been supporting the basketball tournament.)

Mayor Pro-Tem Miller stated that possibly the \$33,000 is to augment those funds too and to help along with them. He does not think that the Mayor was proposing for this budget number to cover the whole thing. They were looking for assistance in raising those dollars.

Council Member Dunn stated there are other comparable groups (i.e. the North Carolina League of Municipalities) that may also need support.

Ms. Vargas stated that this industry, especially the way the economy is, has been very incentive driven. Now that so many people realize that travel and tourism brings money into the community, it is an attractive business because outside dollars are being brought in to help support the local economy. They are requiring a lot more incentives, perks, and comps that they didn't in years before. A lot of the normal conventions require some type of subsidy. The staff is trying to really prioritize what events are coming back with the economic impact. For instance, school field trips showcase the community and it gets the City's name out there. However, many field trip visitors come in on a bus, go wherever they are going, and have packed a lunch. It is not a bad thing; but they have a hard time maybe putting a lot of money toward advertising for school trips. The same thing is with athletic tournaments and sometimes they

require a lot. The athletics come in and check into the hotels. A lot of times their diets are a little strange so businesses cannot always depend on athletes doing so much at restaurants. They do the athletic tournament and a lot of times they turn around and leave the area. Of course, there are fans, etc., but staff wants to make sure that they have a really good formula that works to make sure that the returns are coming back and worth it.

PRESENTATION AND DISCUSSION OF SHEPPARD MEMORIAL LIBRARY FY 2004-05 BUDGET

Mr. Willie Nelms, Director of Sheppard Memorial Library, stated that the Library Board of Trustees approved the 2004-2005 proposed budget at its March 17 meeting. This is the operational budget for the library systems, which serves the citizens of the Greenville and Pitt County. In the upcoming year, the Sheppard Memorial Library will continue to offer its services through the Main Library, four branches, and the Pitt County Bookmobile. This budget proposal includes the operating costs of all these facilities. The cost for operating the branches in Bethel and Winterville are included in this budget, but funds to operate these facilities are provided by those towns along with income generated at the Bethel and Winterville libraries. This budget also includes the money for the additional operating costs of the new Winterville Branch that will open within the next two months. The process of pulling this budget together is very straightforward and is in a formula that has been applied for many years. Through the process of compiling their needs, computing the costs of these needs, and figuring the income from the various sources, they arrived at amounts to be requested from local governments in other forms that they expect to get from the State and sources that they generate around. Then they come down to a proportion between the City of Greenville and the County of Pitt and ask for proportions matched from those two entities.

Mr. Nelms pointed out several key issues that will drive the costs of their budget this year. First of all, regarding personnel, there are 2 ¼ new positions in Winterville. These are for the extended hours that they will have in that Library and the operation of the new facility. The Town of Winterville will also pay for these monies and they show up as well on the income side of the budget. They included ½ percent of total salaries for merit and a 3.9% market adjustment. If the City changes the amount of the merit or market adjustment, they will follow and reduce the amount that they ask for from the City and County proportionately. Since the Library follows the pay and classification plan of the City of Greenville, the 5.4% in health insurance over the current year budget reflects the costs that they are given by the City's Human Resources Department. Utility expenses reflect 11% over the current year experience. This past year's experience has been higher than previous years. This represents a total 16.61% increase over their current budgeted amount. Miscellaneous expenses are up dramatically this year because this reflects the cost of needing parking spaces for the West side of the Main Library and the lot owned by Jarvis Memorial Methodist Church. Through the new main library and the land that was exchanged between the City of Greenville and Jarvis Memorial Church, the Library was given access to 20 parking spaces until September 1, 2004. A new arrangement will have to be developed for the upcoming year for additional continued use of parking spaces on the new entrance of the West Wing of the Main Library. Other costs include anticipated impact of inflation that they know are in comparison with the previous years experience. In many cases,

there is no increase at all. One of the items that they are really happy about to include is actually a 2% increase in book buying power. For the first time in his thirty years as Library Director, actually the costs of books remain neutral on an inflationary standpoint. There is also a 7% increase in the cost of periodicals and continued on-line reference sources, which continue to be very popular and a mainstream part of public library service in the 21st century. On the capital outlay, funds are requested to replace 18 computers and 2 copiers that are at least 5 years old. This follows their library computer replacement policy. At the end of this fiscal year, they will have about 130 computers in their system. They are trying to get into a process of replacing the older ones so that the Library can stay current with technology. As far as the income side, the operation of the Bethel and Winterville facilities are included in the budget. State Aid is the amount that they expect to get on the current year appropriations. Copier receipts, fines and fees are other ways of income that they generate on their own and are based on their current year experience. They are projected throughout the year so far. Interest again is based upon the current year projects. Again, the additional cost of operating the new Winterville library represents the largest percentage increase and the Town of Winterville will pay for the additional cost. The Fund Balance is the amount that will be needed to balance the budget.

Mr. Nelms stated that overall the increase requested from the City of Greenville and the County of Pitt is 3.9%. The amount that they are asking for from the City of Greenville is \$884,746, which is actually less than 50% of their total operating budget. The Sheppard Memorial Library overall budget is \$1,850,635.

Questions asked and responses given regarding the Sheppard Memorial Library budget were as follows:

What are desk receipts?

(RESPONSE: Desk receipts are fines and fees that are collected. Last year, they initiated a fee for video and DVD rentals, which accounts for a large portion of that amount.)

What is the current Fund Balance of the Library?

(RESPONSE: The total fund balance is a certain amount that is appropriated each year in the operation of the budget, which is set by general guidelines of the Local Government Commission. The basic minimum is 8% and it goes from there. With this amount of appropriated Fund Balance, they would have \$347,274 of unexpended fund balance. Basically, this money is a similar fund balance that the City has to deal with, i.e. catastrophic emergencies or things that would happen such as replacing a bookmobile, etc. They appropriate a certain amount of fund balance each year and they are up 5.39% over the amount that was appropriated in this fiscal year as well. City Manager Davis reemphasized that the Town of Winterville is contributing \$103,431. In this current year budget, that is \$30,963 on the revenue side. This reinforces one of the things Mr. Nelms said that additional Winterville positions are being paid for by Winterville and that is why that number is up like that because of the opening of the new library there.)

Does the City send a bill to Winterville for expenses like hospitalization for that branch library?
(RESPONSE: Yes. They are under a contract basis with them. Quarterly a bill is sent to Winterville for the operation of the library.)

Mr. Nelms encouraged the City Council and staff to attend the Legislative Breakfast at 7:30 AM, on April 5 at the Main Library. They will be unveiling their strategic plan that the Library Board of Trustees have been actively involved with. The City Council will find it be very inspiring and will give them a vision to look for in the future.

Mayor Pro-Tem Miller questioned whether they have any conversations with the County about funding a little bit more percentage of the library. At one of their joint meetings with the County, the subject did come up. The City funds twice as much as the County does.

City Manager Davis stated there have been individual conversations with the County Commissioners as well. This is not a new subject that has been brought up. This is one that has come up repeatedly over time and the County Commissioners have not been favorable to changing.

Mayor Pro-Tem Miller asked if the City could charge a fee for outside residents, and Mr. Nelms responded that the State of North Carolina says that if they receive tax money from governments, (i.e. City or County), they cannot charge those residents for the service that is being provided.

PRESENTATION AND DISCUSSION OF MID-EAST COMMISSION SERVICES AND BUDGET REQUEST TO THE CITY

Mr. Tim Ware of the Mid-East Commission stated the budget goes to the Mid-East Commission Board in May and is approved at the June meeting. They have to wait to find out what will happen in Raleigh before the final budget is approved. The three main areas the Commission has worked with in Greenville are:

The Agency on Aging. The Mid-East Commission serves 1722 Greenville aged citizens at a total cost of \$366,000. These services include in-home aid, adult care, congregate meals, home delivered meals, transportation, volunteer development, etc. They also help to fund Senior Games, and even though there is not a dollar amount associated with that, it brings people into town.

Workforce Development. This includes such things as the Job Link Center, and there is one next to Pitt Community College. Pitt Community College administers that program serving 222 Greenville citizens in the amount of \$785,000. This is not just a program to find jobs, but it also provides training for jobs that will pay more than minimum wage. It serves people from the unemployed to the PhDs who are out of work. The Planning and Economic Development Department has done several programs, the largest being the EDA project they did with Greenville Utilities to do berm work at the Wastewater Treatment Plant for \$1,543,000. The Mid-East Commission also received a planning grant for EDA for the Eastern North Carolina Regional Science Center in the amount of \$52,000.

Mr. Ware stated that for the \$15,000 that the City of Greenville pays in dues, \$2.7 million comes back to Greenville, which is \$181 for every \$1 paid in dues. The due structure will be the same as last year—25 cents per capita. Total dues paid by the 45 communities are around \$96,000. Of that, \$74,000 is committed already for matching purposes for aging programs as well as EDA Programs. The Mid-East Commission's fund balance is only \$120,000.

Questions asked and responses during the presentation of the Mid-East Commission budget were as follows.

Do you still have the program that the employees that need people to be trained to work for them that you pay for the person to work in the system?

(RESPONSE: Yes. They need to go to the Pitt County JobLink Center.)

Is this the workforce development program?

(RESPONSE: Yes.)

Describe it briefly.

(RESPONSE: There are several programs within that. There is a youth program that deals with at-risk youth as well as youth looking for summer jobs. They spend at least one day in class every summer receiving training. There is also the At-Risk Youth Program where they try on a year-round basis to keep the kids in school. For those that are out of school, the Program tries to get them back in school or to at least get a GED where they can go out and further their education or find a sustainable wage. There is also a Dislocated Worker Program. When layoffs are coming up, staff goes out to interview the persons that are going to be displaced to try to find training opportunities for them. The Mid-East Commission also works with different companies if they have training needs.)

Is that for professional jobs as well?

(RESPONSE: Yes.)

What about the program for homeowners that need repairs? Do you have that in the counties?

(RESPONSE: That's one of the more competitive programs, the Community Development Block Grant Program. The Mid-East Commission does those, but it contracts individually with the communities to do it.)

Does Pitt County have it?

(RESPONSE: Yes.)

If I own a home in the county and live in it and need help to get it up to code, you could use the funds for that?

(RESPONSE: There are not enough funds for every need in the five counties, but those programs are available.)

You do it on both ends—writing the grant applications for communities and then it is the community's option on whether they would like to use the Mid-East or another agency to administer that grant?

(RESPONSE: Yes. The Mid-East Commission doesn't charge for the grant applications because of the dues being paid.)

You have done quite a bit- of small business development?

(RESPONSE: There are two loan programs being done in-house now. One is the USDA Intermediary Relending Program, where \$10,000 to \$150,000 is being loaned. The second is an EDA Revolving Loan Program. If anyone needs a small business loan, he needs to get in touch with the Mid-East Commission.)

Would that be to individuals?

(RESPONSE: Yes)

Mayor Pro-Tem Miller thanked Mr. Ware for his involvement and stated that he felt Greenville needs to continue to help its surrounding smaller communities to gain the services that they can't afford to do for themselves.

FEEDBACK ON INFORMATION PRESENTED

City Manager Davis stated that staff has provided all the information to the Council. At the next meeting, staff would like to look at the cumulative information, talk about the balanced budget and receive input from the Council. Staff is in the process of accumulating that information. The next meeting is on March 29.

Council Member Dunn stated that they still need the health insurance and the salary study completion to see what adjustments need to be made. They are ready now to see the whole thing put together.

Upon being asked if all General Obligation bond and COPS projects would be included in the budget, City Manager Davis responded that it would include COPS projects. Until the voters vote on the General Obligation bonds, they should not be included in the budget.

BOND ADVOCACY COMMITTEE

Mayor Pro-Tem Miller reminded the Council to provide their list of potential Bond Advocacy Committee members by the April meeting.

City Manager suggested that the Council Members provide from five to seven names each.

ADJOURN

Motion was made by Council Member Dunn and seconded by Council Member Craft to adjourn the meeting at 4:35 p.m. Motion carried unanimously.

Respectfully submitted,

Wanda T. Elks, CMC
City Clerk